

ALASKA FORWARD

TOWARD A NEXT GENERATION ECONOMY

Introducing industry cluster development as a strategy for strengthening Alaska's economy

What is an industry cluster?

- An industry cluster is a geographically concentrated network of interdependent firms. Some characteristics of a cluster include:
 - Firms are exporters of goods or services, generating economic activity for the region
 - Firms are actively integrated with research and development institutions, universities and other intermediary actors such as universities, economic or regional development agencies, chambers, etc.
 - Firms participate in continuous, fast knowledge exchange and cooperation between other cluster participants that contributes to the competitive increase of both the members and the whole region
 - Competitive optimization is at a system, rather than individual organization level. An active local cluster includes firms and support organizations working together to achieve results that would not be possible individually
 - Famous cluster examples include the information technology industry in Silicon Valley, the wine industry in Napa/Sonoma Valleys and more recently, the comprehensive statewide economic development strategy articulated by the Oregon Business Plan project

What is industry cluster development?

- The process of integrating what would otherwise be a clump of co-located firms and organizations into a high performance system
- Facilitating and supporting extensive informal and formal networking between firms—even competitors—across the cluster, and between firms and their supporting infrastructure
- Promoting a business culture that enables both competition and cooperation to thrive

Why invest in cluster development?

- Alaska is experiencing accumulating levels of future risk and declining economic resiliency due to:
 - Continuing declines in oil production (source of 85% of state revenue)
 - Uncomfortable trends in other natural resource sectors (regulations, environmental concerns)
 - Aging workforce
 - Outmigration
 - Weak culture of entrepreneurship
 - Remoteness and related infrastructure challenges including high energy and transportation costs
- As a business and governmental community, we have examined the problem endlessly. It is time to take action to improve the competitiveness of our key industries in the international economy

What is the implementation strategy?

- Formation of industry cluster working groups
 - Identification of industries that are reflective of the cluster model
 - Establishment of criteria (regional, NAICS codes, etc.) that comprise a representative cluster sample
- Conduct facilitated action plan of identified working group
- Implement action items that generate from the working group process

How does cluster development fit in the full scope of a statewide economic development strategy?

- Through an active public-private partnership, it is intended that the action initiatives developed through the working group process will be incorporated into a comprehensive economic development strategy for our state